

Minneapolis Community Development Agency

## Request for City Council Action

Date: May 6, 2002

To: Council Member Lisa Goodman, Community Development Committee  
Council Member Barbara Johnson, Ways and Means/Budget Committee

Refer to: MCDA Board of Commissioners

Prepared by Donna Wiemann, Senior Housing Project Coordinator, Phone 612-673-5257

Approved by Chuck Lutz, MCDA Interim Executive Director \_\_\_\_\_

**Subject: Recommendation to Approve the Year 2002 HOME Program Budget Allocation; Amend the Grant Agreement with the City to Encompass the Year 2002 HOME Program Funds, Program Income Received to Date, and Additional Year 1996 HOME Program Funds; and Amend MCDA 2002 Appropriation Resolution in Fund FGO (Other Federal Grants)**

**Previous Directives:** In December, 2002, the City Council approved the staff recommendation to submit the Fiscal Year 2002 Consolidated Plan to HUD which includes the Fiscal Year 2002 HOME Program funding of \$4,099,000.

**Ward:** Citywide.

**Neighborhood Group Notification:** In January, 2002, various City neighborhood groups and nonprofit housing developers were notified of the availability of funds for housing development including a portion of the anticipated Year 2002 HOME Program funds.

**Consistency with *Building a City That Works*:** The proposed activity supports Goal 2: Ensure that an array of housing choices exists to meet the needs of our current residents and attract new residents to the City; Goal 3: Support strong and diverse neighborhoods where people choose to live; and Goal 5: Participate in partnerships to achieve common community development objectives.

Crown Roller Mill,  
105 Fifth Ave. S., Suite 200  
Minneapolis, MN 55401-2534  
Telephone: (612) 673-5095  
TTY: (612) 673-5154  
Fax: (612) 673-5100  
[www.mcda.org](http://www.mcda.org)

**Comprehensive Plan Compliance:** Projects will comply.

**Zoning Code Compliance:** Projects will comply.

**Impact on MCDA Budget:** (Check those that apply)

☐ No financial impact

☒ Action requires an appropriation increase to the MCDA Budget \$4,438,241.85

☒ Action provides increased revenue for appropriation increase \$4,438,241.85

☐ Action requires use of contingency or reserves

☐ Other financial impact (Explain):

**Living Wage / Business Subsidy:** NA

**Job Linkage:** NA

**Affirmative Action Compliance:** Bids and contracts will be in compliance with Affirmative Action Plans.

**RECOMMENDATION:**

**City Council Recommendation:**

1. Approve the Year 2002 HOME Program budget allocation as described herein encompassing the \$4,099,000 of Year 2002 HOME Program funds, the \$351,241.85 of HOME Program income received to date, and \$3,000 of additional Year 1996 HOME Program funds.
2. Authorize the City of Minneapolis to retain \$15,000 of Year 2002 HOME Program funds for associated administrative costs.
3. Authorize the execution of the Eleventh Amendment to Contract #8179 between the City of Minneapolis and the MCDA to increase the contract amount by \$4,438,241.85, to expend HOME Program funds, and to implement the HOME Program.
4. Increase the 2002 MCDA appropriation in Fund FGO (Other Federal Grants) by \$4,438,241.85 and increase the revenue budget in Fund FGO (3825-Transfer within Special Revenue Funds) by \$4,438,241.85.

**MCDA Board Recommendation:**

1. Authorize the execution of the Eleventh Amendment to Contract #8179 between the City of Minneapolis and the MCDA to increase the contract amount by 4,438,241.85, to expend the HOME Program funds, and to implement the HOME Program.

### **Background/Supporting Information**

In April, 2002, the City of Minneapolis submitted the Fiscal Year 2002 Consolidated Plan to HUD. Staff expects HUD to transmit its approval of the Consolidated Plan prior to June 1, 2002, the beginning of the Fiscal Year 2002. The total HOME Program funds for Fiscal Year 2002 is \$4,099,000. These funds will be utilized for programs and activities that will assist in the production and maintenance of decent, affordable rental and ownership housing. The City retains \$15,000 for administrative costs.

Additionally, the HOME Program realized program income during the past four years in the amount of \$351,241.85. The income is a result of payments to the MCDA on multi-family amortizing loans and re-sale proceeds from several Homeownership Works single family properties. The income is allocated to the Multi-Family Rental Program for filling funding gaps in projects approved by the MCDA Board.

Finally, the City received \$3,199,000 of Year 1996 HOME Program funds, \$3,000 more than the amount approved by the City Council. The additional amount is allocated as follows: \$2,700 for Multi-Family Rental Program activities and \$300.00 for administrative costs.

The following represents the proposed allocation of funds of the Year 2002 HOME Program funds:

## **YEAR 2002 HOME PROGRAM**

<b><u>Programs</u></b>	<b><u>Program Budget Allocation</u></b>
Home Ownership Works Program	\$ 350,000
Multi-Family Rental Development Program	\$ 3,339,100
Admin. Costs – MCDA	\$ 394,900
– City	\$ <u>15,000</u>
	\$ 4,099,000

It is proposed that the Year 2002 HOME Program funds be allocated between the Home Ownership Works (HOW) Program (\$350,000) and the Multi-Family Rental Housing Development Program (\$3,389,100). The HOW Program results in the treatment of vacant, three and four bedroom, single family or duplex dwellings. These units are then

sold to qualified home buyers. Funds allocated to the Multi-Family Rental Program are used to provide gap financing for the production and stabilization of affordable rental housing. On the average, approximately 150 to 250 units are either produced or stabilized through this program annually. The MCDA Board approves each project proposal that requests funding from the Multi-Family Rental Development Program.

When the HOME Investment Partnerships Program was established in 1992, the City and the MCDA entered a grant agreement covering the eligible uses of the funds and authorizing the expenditure of HOME funds by the MCDA. The grant agreement #8179 has been amended annually to encompass the additional HOME Program funds from HUD. Staff requests authorization of the Eleventh Amendment to Contract #8179 between the City and MCDA to increase the contract amount by \$4,438,241.85 encompassing the \$4,084,000 Year 2002 HOME Program amount (\$4,099,000 minus \$15,000 retained for City admin), the \$351,241.85 in HOME Program income, and the \$3,000 additional 1996 HOME Program amount.

Staff requests approval of an increase to the 2002 MCDA appropriation in Fund FGO (Other Federal Grants) in the amount of \$4,438,241.85 and an increase to the revenue budget in Fund FGO (3825 - Transfer within Special Revenue Funds) by \$4,438,241.85.